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Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

November 14, 2007

**RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE SIX-
MONTH BILLING PERIOD ENDING OCTOBER 31, 2006 AND
FOR THE TWO-YEAR BILLING PERIOD ENDING APRIL 30,
2007
CASE NO. 2007-00380**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Revised Response to question No. 1 (b) of Louisville Gas and Electric Company to Information Requested in the Commission's Order dated September 19, 2007, in the above-referenced proceeding.

In reviewing the responses to the data requests filed on October 17, 2007 in preparation of the second data request in this proceeding, LG&E determined that further clarity in the descriptive headings would allow the reader to more easily follow the calculations represented in the attached exhibits.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,


Robert M. Conroy

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PUBLIC SERVICE
COMMISSION

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Electric Company
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Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF LOUISVILLE GAS) CASE NO.
AND ELECTRIC COMPANY FOR THE SIX-MONTH) 2007-00380
BILLING PERIOD ENDING OCTOBER 31, 2006)
AND FOR THE TWO-YEAR BILLING PERIOD)
ENDING APRIL 30, 2007)

REVISED - RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
INFORMATION REQUESTED IN
APPENDIX B OF COMMISSION'S ORDER
DATED SEPTEMBER 19, 2007

FILED: November 14, 2007

LOUISVILLE GAS AND ELECTRIC COMPANY

**November 14, 2007 Revised
Response to Information Requested in Appendix B of
Commission's Order Dated September 19, 2007**

Case No. 2007-00380

Question No. 1

Witness: Valerie L. Scott

For Each of the Six Periods Under Review

Q-1. Concerning the rate of return on the original environmental compliance plan ("1995 Plan") and the three amendments to the environmental compliance plan ("Post-1995 Plans"), provide the following information for each of the billing periods under review:

- a. For the 1995 Plan, calculate any true-up adjustment needed to recognize changes in the weighted average cost of LG&E's pollution control debt during the applicable months of each review period. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review.
- b. For the Post-1995 Plans, calculate any true-up adjustment needed to recognize changes in LG&E's cost of debt, preferred stock, accounts receivable financing (if applicable), or changes in LG&E's electric capital structure. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review.

A-1. a.

- b. See pages 3 of 5, 4 of 5 and 5 of 5 of the attachment for corrections to formula headings for columns (7), (18), (19), (23) and (24).

Louisville Gas & Electric Company
Adjusted Electric Rate of Return on Common Equity
4/30/2006

(1)	(2) Total Company	(3) Adjustments to Total Co Capitalization (20)	(4) Adjusted Total Company Capitalization (2) - (3)	(5) Capital Structure (4) / (4), row 7	(6) Jurisdictional Capitalization Allocation	(7) Kentucky Jurisdictional Capitalization (4) * (6)
1 Long-Term Debt	820,554,000	18,384,514	802,169,486	41.190%	80.71%	647,430,992
2 Med Term Notes Payable	-	-	-	0.000%	80.71%	-
3 Short-Term Debt	28,065,000	628,795	27,436,205	1.409%	80.71%	22,143,761
4 Preferred Stock	70,424,594	1,577,862	68,846,732	3.535%	80.71%	55,566,198
5 Accounts Receivable Financing	-	-	-	0.000%	80.71%	-
6 Common Equity	1,025,063,922	(23,956,944)	1,049,020,865	53.866%	80.71%	846,664,740
	1,944,107,516	(3,365,773)	1,947,473,288	1		1,571,805,691

(1)	(8) Kentucky Jurisdictional Capitalization (7)	(9) Adjustments to Ky Juris Capitalization (25)	(10) Adjusted Ky Jurisdictional Capitalization (8) - (9)	(11) Capital Structure (10) / (10), row 7	(12) Annual Cost Rate	(13) Weighted Cost of Capital (11) * (12)
1 Long-Term Debt	647,430,992	72,802,678	574,628,314	41.190%	4.211%	1.735%
2 Med Term Notes Payable	-	-	-	0.000%	0.000%	0.000%
3 Short-Term Debt	22,143,761	2,490,033	19,653,728	1.409%	4.780%	0.067%
4 Preferred Stock	55,566,198	6,248,334	49,317,864	3.535%	5.325%	0.188%
5 Accounts Receivable Financing	-	-	-	0.000%	0.000%	0.000%
6 Common Equity	846,664,740	95,206,225	751,458,515	53.866%	10.500%	5.656%
7	1,571,805,691	176,747,270	1,395,058,421	100.00%		7.646%
8 Weighted Cost of Capital Grossed up for Income Tax Effect (ROR + (ROR - DR) x [TR / (1 - TR)])						11.296%

Adjustments to Total Company Capitalization

(1)	(14) Total Company Capitalization (2)	(15) Capital Structure (14) / (14), row 7	(16) Trimble County Inventory Adjustment (16) row 7 x (15)	(17) Job Credits (17) row 7 x (15)	(18) Other Investments (18) row 7 x (15)	(19) Minimum Pension Liability	(20) Total Adjustments to Capitalization (16) + (17) + (18) - (19)
1 Long-Term Debt	820,554,000	42.207%	1,541,385	16,592,298	250,832	-	18,384,514
2 Med Term Notes Payable	-	0.000%	-	-	-	-	-
3 Short-Term Debt	28,065,000	1.444%	52,719	567,497	8,579	-	628,795
4 Preferred Stock	70,424,594	3.622%	132,290	1,424,044	21,528	-	1,577,862
5 Accounts Receivable Financing	-	0.000%	-	-	-	-	-
6 Common Equity	1,025,063,922	52.727%	1,925,550	20,727,664	313,347	46,923,505	(23,956,944)
7	1,944,107,516	100.00%	3,651,945	39,311,506	594,286	46,923,505	(3,365,773)

Adjustments to Kentucky Jurisdictional Capitalization

(1)	(21) Kentucky Jurisdictional Capitalization (8)	(22) Capital Structure (21) / (21), row 7	(23) Environmental Surcharge 1994 Plan (23) row 7 x (22)	(24) Environmental Surcharge Post-1994 Plan (24) row 7 x (22)	(25) Adjustments to Ky Juris Capitalization (23) + (24)
1 Long-Term Debt	647,430,992	41.190%	-	72,802,678	72,802,678
2 Med Term Notes Payable	-	0.000%	-	-	-
3 Short-Term Debt	22,143,761	1.409%	-	2,490,033	2,490,033
4 Preferred Stock	55,566,198	3.535%	-	6,248,334	6,248,334
5 Accounts Receivable Financing	-	0.000%	-	-	-
6 Common Equity	846,664,740	53.866%	-	95,206,225	95,206,225
7	1,571,805,691	100.00%	-	176,747,270	176,747,270

Louisville Gas & Electric Company
Adjusted Electric Rate of Return on Common Equity
10/31/2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company	Adjustments to Total Co Capitalization	Adjusted Total Company Capitalization	Capital Structure	Jurisdictional Capitalization Allocation	Kentucky Jurisdictional Capitalization
	(2)	(2) - (3)	(2) - (3)	(4) / (4), row 7		(4) * (6)
1 Long-Term Debt	819,304,000	17,019,028	802,284,972	39.924%	80.71%	647,524,201
2 Med Term Notes Payable	-	-	-	0.000%	80.71%	-
3 Short-Term Debt	89,247,000	1,853,885	87,393,115	4.349%	80.71%	70,534,983
4 Preferred Stock	70,424,594	1,462,898	68,961,696	3.432%	80.71%	55,658,985
5 Accounts Receivable Financing	-	-	-	0.000%	80.71%	-
6 Common Equity	1,025,253,133	(25,626,390)	1,050,879,523	52.295%	80.71%	848,164,863
	2,004,228,727	(5,290,578)	2,009,519,305	1		1,621,883,031

(1)	(8)	(9)	(10)	(11)	(12)	(13)
	Kentucky Jurisdictional Capitalization	Adjustments to Ky Jurisdictional Capitalization	Adjusted Ky Jurisdictional Capitalization	Capital Structure	Annual Cost Rate	Weighted Cost of Capital
	(7)	(25)	(8) - (9)	(10) / (10), row 7		(11) * (12)
1 Long-Term Debt	647,524,201	72,949,744	574,574,456	39.924%	4.345%	1.735%
2 Med Term Notes Payable	-	-	-	0.000%	0.000%	0.000%
3 Short-Term Debt	70,534,983	7,946,443	62,588,540	4.349%	5.260%	0.229%
4 Preferred Stock	55,658,985	6,270,512	49,388,473	3.432%	5.148%	0.177%
5 Accounts Receivable Financing	-	-	-	0.000%	0.000%	0.000%
6 Common Equity	848,164,863	95,553,826	752,611,036	52.295%	10.500%	5.491%
7	1,621,883,031	182,720,525	1,439,162,506	100.00%		7.632%
8 Weighted Cost of Capital Grossed up for Income Tax Effect (ROR + (ROR - DR) x [TR / (1 - TR)])						11.172%

Adjustments to Total Company Capitalization

(1)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	Total Company Capitalization	Capital Structure	Trimble County Inventory Adjustment	Job Credits	Other Investments	Minimum Pension Liability	Total Adjustments to Capitalization
	(2)	(14) / (14), row 7	(16) row 7 x (15)	(17) row 7 x (15)	(18) row 7 x (15)		(16) + (17) + (18) - (19)
1 Long-Term Debt	819,304,000	40.879%	1,492,437	15,283,654	242,937	-	17,019,028
2 Med Term Notes Payable	-	0.000%	-	-	-	-	-
3 Short-Term Debt	89,247,000	4.453%	162,571	1,664,851	26,463	-	1,853,885
4 Preferred Stock	70,424,594	3.514%	128,285	1,313,731	20,882	-	1,462,898
5 Accounts Receivable Financing	-	0.000%	-	-	-	-	-
6 Common Equity	1,025,253,133	51.155%	1,867,592	19,125,519	304,004	46,923,505	(25,626,390)
7	2,004,228,727	100.00%	3,650,886	37,387,755	594,286	46,923,505	(5,290,578)

Adjustments to Kentucky Jurisdictional Capitalization

(1)	(21)	(22)	(23)	(24)	(25)
	Kentucky Jurisdictional Capitalization	Capital Structure	Environmental Surcharge 1994 Plan	Environmental Surcharge Post-1994 Plan	Adjustments to Ky Jurisdictional Capitalization
	(8)	(21) / (21), row 7	(23) row 7 x (22)	(24) row 7 x (22)	(23) + (24)
1 Long-Term Debt	647,524,201	39.924%	-	72,949,744	72,949,744
2 Med Term Notes Payable	-	0.000%	-	-	-
3 Short-Term Debt	70,534,983	4.349%	-	7,946,443	7,946,443
4 Preferred Stock	55,658,985	3.432%	-	6,270,512	6,270,512
5 Accounts Receivable Financing	-	0.000%	-	-	-
6 Common Equity	848,164,863	52.295%	-	95,553,826	95,553,826
7	1,621,883,031	100.00%	-	182,720,525	182,720,525

Louisville Gas & Electric Company
Adjusted Electric Rate of Return on Common Equity
4/30/2007

(1)	(2) Total Company	(3) Adjustments to Total Co Capitalization (20)	(4) Adjusted Total Company Capitalization (2) - (3)	(5) Capital Structure (4) / (4), row 7	(6) Jurisdictional Capitalization Allocation	(7) Kentucky Jurisdictional Capitalization (4) * (6)
1 Long-Term Debt	937,304,000	18,704,781	918,599,219	45.719%	79.89%	733,868,916
2 Med Term Notes Payable	-	-	-	0.000%	79.89%	-
3 Short-Term Debt	21,033,000	419,734	20,613,266	1.026%	79.89%	16,467,939
4 Preferred Stock	-	-	-	0.000%	79.89%	-
5 Accounts Receivable Financing	-	-	-	0.000%	79.89%	-
6 Common Equity	1,091,804,504	21,787,984	1,070,016,520	53.255%	79.89%	854,836,198
	2,050,141,504	40,912,499	2,009,229,005	1		1,605,173,052

(1)	(8) Kentucky Jurisdictional Capitalization (7)	(9) Adjustments to Ky Juris Capitalization (25)	(10) Adjusted Ky Jurisdictional Capitalization (8) - (9)	(11) Capital Structure (10) / (10), row 7	(12) Annual Cost Rate	(13) Weighted Cost of Capital (11) * (12)
1 Long-Term Debt	733,868,916	83,082,459	650,786,457	45.719%	4.649%	2.125%
2 Med Term Notes Payable	-	-	-	0.000%	0.000%	0.000%
3 Short-Term Debt	16,467,939	1,864,363	14,603,576	1.026%	5.260%	0.054%
4 Preferred Stock	-	-	-	0.000%	0.000%	0.000%
5 Accounts Receivable Financing	-	-	-	0.000%	0.000%	0.000%
6 Common Equity	854,836,198	96,777,357	758,058,841	53.255%	10.500%	5.592%
7	1,605,173,052	181,724,179	1,423,448,873	100.00%		7.771%
8 Weighted Cost of Capital Grossed up for Income Tax Effect (ROR + (ROR - DR) x [(TR / (1 - TR))])						11.013%

Adjustments to Total Company Capitalization

(1)	(14) Total Company Capitalization (2)	(15) Capital Structure (14) / (14), row 7	(16) Trimble County Inventory Adjustment (16) row 7 x (15)	(17) Job Credits (17) row 7 x (15)	(18) Other Investments (18) row 7 x (15)	(19) Minimum Pension Liability	(20) Total Adjustments to Capitalization (16) + (17) + (18) - (19)
1 Long-Term Debt	937,304,000	45.72%	2,207,570	16,225,510	271,702	-	18,704,781
2 Med Term Notes Payable	-	0.00%	-	-	-	-	-
3 Short-Term Debt	21,033,000	1.03%	49,538	364,099	6,097	-	419,734
4 Preferred Stock	-	0.00%	-	-	-	-	-
5 Accounts Receivable Financing	-	0.00%	-	-	-	-	-
6 Common Equity	1,091,804,504	53.26%	2,571,455	18,900,041	316,487	-	21,787,984
7	2,050,141,504	100.00%	4,828,563	35,489,650	594,286	-	40,912,499

Adjustments to Kentucky Jurisdictional Capitalization

(1)	(21) Kentucky Jurisdictional Capitalization (8)	(22) Capital Structure (21) / (21), row 7	(23) Environmental Surcharge 1994 Plan (23) row 7 x (22)	(24) Environmental Surcharge Post-1994 Plan (24) row 7 x (22)	(25) Adjustments to Ky Juris Capitalization (23) + (24)
1 Long-Term Debt	733,868,916	45.719%	-	83,082,459	83,082,459
2 Med Term Notes Payable	-	0.000%	-	-	-
3 Short-Term Debt	16,467,939	1.026%	-	1,864,363	1,864,363
4 Preferred Stock	-	0.000%	-	-	-
5 Accounts Receivable Financing	-	0.000%	-	-	-
6 Common Equity	854,836,198	53.255%	-	96,777,357	96,777,357
7	1,605,173,052	100.00%	-	181,724,179	181,724,179